

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

Case No. 16-06244

LUVIS AMBULANCE SERVICES, INC.

Chapter 11

Debtors

**FIRST DISCLOSURE STATEMENT
FOR PLAN OF REORGANIZATION DATED FEBRUARY 16, 2017**

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1. INTRODUCTION

This is the disclosure statement (the “Disclosure Statement”) in the small business chapter 11 case of Luvis Ambulance Services, Inc. (the “Debtor”). This Disclosure Statement contains information about the Debtor and describes the Small Business Plan of Reorganization (the “Plan”) filed by the Debtor on February 10, 2017. A full copy of the Plan is attached to this Disclosure Statement as **Exhibit A**. Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.

The proposed distributions under the Plan are discussed at pages 6 through 10 of this Disclosure Statement. Unsecured creditors (i.e., Priority unsecured creditors and General unsecured creditors) will receive a combined distribution of more than \$22,700.00 which is projected to equal a 75.00% of their Allowed Claims. Distribution to General Unsecured Creditors will be made via 60 payments of \$300.00 commencing on the first day of the sixtieth (60) month following the Effective Date of the Plan.

A. Purpose of This Document

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case,
- How the Plan proposes to treat claims or equity interests of the type you hold (i.e., what you will receive on your claim or equity interest if the plan is confirmed),
- Who can vote on or object to the Plan,
- What factors the Bankruptcy Court (the “Court”) will consider when deciding whether to confirm the Plan,
- Why the Debtor believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation, and
- The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

1. *Time and Place of the Hearing to Finally Approve This Disclosure Statement and Confirm the Plan.*

On _____ a.m. a Hearing shall be held before the Honorable Edward A. Godoy at the United States Bankruptcy Court, District of Puerto Rico, José V. Toledo Federal Building & US Courthouse 300 Recinto Sur Street, Courtroom #____, San Juan, Puerto Rico 00901 to determine whether to finally approve this Disclosure Statement and confirm the Plan (the “Confirmation Hearing”). The Court will fix the last day for the filing and serving of written objections to the disclosure statement and confirmation of the plan.

2. Deadline For Voting to Accept or Reject the Plan.

If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to The Batista Law Group, PSC., Condominio Midtown 420 Ponce de Leon Ave., Suite 901, San Juan, PR 00918. See section IV. A. below for a discussion of voting eligibility requirements.

Your ballot must be received before _____ at 5:00 p.m EST. or it will not be counted.

3. Deadline For Objecting to the Adequacy of Disclosure and Confirmation of the Plan.

Objections to this Disclosure Statement or to the confirmation of the Plan must be filed with the Court and served upon the Debtor by _____.

4. Identity of Person to Contact for More Information

If you want additional information about the Plan, you should contact:

The Batista Law Group, PSC
Jesús E. Batista Sánchez, Esq.
Mid-Town Plaza
420 Ponce De León, Ave.; Suite #901
San Juan, Puerto Rico 00969
Tel: (787) 620-2856
Fax: (787) 625-0259
Email: jesus.batista@batistalawgroup.com

C. Disclaimer

The Court has conditionally approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. The Court’s approval of this Disclosure Statement is subject to final

approval at the hearing on confirmation of the Plan. Objections to the adequacy of this Disclosure Statement may be filed until _____.

II. BACKGROUND

A. Description and History of the Debtors' Business

The Debtor, Luvis Ambulance Services, Inc. ("Luvis Ambulance"), is a Small Business Debtor. Luvis Ambulance is managed and operated by its President (Juan Morales). Luvis Ambulance Memorial used to be in the ambulance services business. As a result of a political dispute with its largest account (the municipal hospital of Jayuya), Luvis Ambulance ceased its ambulance business operations in 2015.

Nevertheless, Luvis Ambulance also owned real property which is located at Desvio Norte Interior Pr 141 Jayuya, PR 00664 (the "Commercial Property"). The Commercial Property, in turn, housed the operation of a related entity Jayuya Memorial. Therefore, in the past 2 years Luvis has largely been engaged in the rental and management of the Commercial Property to its primary tenant, Jayuya Memorial. In addition, Luvis Ambulance owns personal property (i.e., vehicles, account receivables, inventory and other miscellaneous personal property) which it used to use in the operation of the ambulance business.

B. Insiders of the Debtors

The "insiders" of the Debtor, as such a term is defined in §101(31) of the United States Bankruptcy Code (the "Code"), is Mr. Juan Morales Gonzalez ("Mr. Morales"). Mr. Morales owns the controlling stake of the Debtor's shares.

C. Management of the Debtors Before and During the Bankruptcy

During the two years prior to the date on which the bankruptcy petition was filed, the officers, directors, managers or other persons in control of the Debtor (collectively the "Manager") were Mr. Juan Morales Gonzalez. Similarly, the Managers of the Debtor during the Debtors' chapter 11 case have also been Mr. Morales.

Finally, after the Effective Date, the directors, officers, and voting trustees of the Debtor, any affiliate of the Debtor participating in a joint Plan with the Debtor, or successor of the Debtor under the Plan (collectively the "Post Confirmation Managers"), will also be Mr. Morales. The responsibilities and compensation of these Post Confirmation Managers are described in Section III. D. below of this Disclosure Statement.

D. Events Leading to Chapter 11 Filing

The Bankruptcy Petition in this case was filed to stay a pending a foreclosure action against the Debtor commenced by Banco Popular de Puerto Rico and a garnishment from the Internal Revenue Services (the "IRS"). The claims in question arise from a pre-petition mortgage loan and a tax lien, respectively.

Due to the general decline in the economy of the Commonwealth of Puerto Rico and as well as a legal and political dispute with its primary client, Levis was unable to continue operating its ambulance business. Closure of the ambulance business resulted in decreased income which in turn prevented Luvis from meeting the exacting demands of Banco Popular de Puerto Rico and the IRS as well as other creditors. Accordingly, Luvis Ambulance sought bankruptcy protection with the intent to reorganize the mortgage loan with Banco Popular and the IRS claim as well as the claim of other creditors in line with the Debtor's present financial capacity.

E. Significant Events During the Bankruptcy Case

On August 5, 2016, the Petition Date, the Debtor filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code. Since that time, the Debtor has operated its financial affairs as Debtor and Debtor in Possession.

The Debtor has closed all pre-petition bank accounts. All Monthly Operating Reports, through the month ending December 31, 2016, have been filed. *See*, Dockets #20, 29, 32, 36 and 38. Upon information and belief, Quarterly Fees payable to the United States Trustee have been paid.

The 341 Meeting of Creditors was held on September 12, 2016, at 2:00 PM. Since, on September 27, 2016 (Dk. #18) this Court entered an Order approving Jesus E. Batista Sanchez, Esq., as Counsel of Record.

F. Projected Recovery of Avoidable Transfers.

The Debtor has not yet completed his investigation regarding prepetition transactions. If you received a payment or other transfer within 90 days of the bankruptcy, or other transfer avoidable under the Code, the Debtor may seek to avoid such transfer.

G. Claims Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan. Any objection to a proof of claim (i.e., "Claim Objections") will be filed on or before the 45th day prior to the date scheduled for the Hearing on Confirmation.

H. Current and Historical Financial Conditions

The identity of the estate's assets are listed in **Exhibit B**. As of the Petition Date, the Debtor's Assets and Liabilities reflected assets with a book value in the amount of \$553,204.11 and Liabilities in the amount of \$437,833.72.

The Debtor's assets include: (i) Commercial Property, with a book value in the amount of \$500,000.00; (b) inventory, with a book value in the amount of \$3,200.00; (c) Account receivables,

with a book value in the amount of \$43,077.47; (d) vehicles with a book value of \$6,700.00 and other personal property.

The Debtors primary liabilities correspond to the pre-petition mortgage lien over the Commercial property in the approximate amount of \$396,239.65. In addition, the Debtor has other secured claims estimated at \$11,000.00, priority claims estimated at less than \$5,000.00 and general unsecured claims estimated at less than \$25,000.00.

The Debtors most recent financial statements issued before the bankruptcy are set forth in **Exhibit C**.

III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. What is the Purpose of the Plan of Reorganization?

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

B. Unclassified Claims

Certain types of claims are automatically entitled to a specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan Proponent *has not* placed the following claims in any class:

1. Administrative Expenses

Administrative expenses are costs or expenses of administering the Debtors' chapter 11 case which are allowed under § 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtors in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists the Debtors' estimated administrative expenses and their proposed treatment under the Plan:

| <u>Type</u> | <u>Estimated Amount Owed</u> | <u>Proposed Treatment</u> |
|---|-------------------------------------|---|
| Expenses Arising in the Ordinary Course of Business After the Petition Date | Less than \$1,000.00 | Paid in full on the effective date of the Plan, or according to terms of obligation if later. |

| | | |
|--|--------------------|---|
| The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date | \$0.00 | Paid in full on the effective date of the Plan, or according to terms of obligation if later. |
| Professional Fees, as approved by the Court. | \$12,000.00 | Paid in full on the effective date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the effective date of the Plan. |
| Clerk's Office Fees | \$0.00 | Paid in full on the effective date of the Plan |
| Other administrative expenses | \$0.00 | Paid in full on the effective date of the Plan or according to separate written agreement |
| Office of the U.S. Trustee Fees | \$0.00 | Paid in full on the effective date of the Plan |
| Total | \$12,000.00 | |

2. Priority Tax Claims

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief.

The following chart lists the Debtors' estimated § 507(a)(8) priority tax claims and their proposed treatment under the Plan:

| <u>Description</u> | <u>Estimated Amount Owed</u> | <u>Date of Assessment</u> | <u>Treatment</u> |
|--------------------------|------------------------------|---------------------------|---|
| CRIM | \$368.86 | 2014-2015 | Pmt Interval: 1 Payment Amount of Pmt: \$368.86 Begin Date: 2 nd Month End Date: 2 nd Month Interest Rate: 0.00% Total Payout Amount: \$368.86 |
| Departamento de Hacienda | \$4400.98 | 2012-2015 | Pmt Interval: 60 Payments Amount of Pmt: \$79.55 Begin Date: 2 nd Month End Date: 60 th Month <i>No Later than 8/5/2021</i> Interest Rate: 3.25% Total Payout Amount: \$4,773.00 |

C. Classes of Claims and Equity Interests

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

1. Classes of Secured Claims

Allowed Secured Claims are claims secured by property of the Debtors’ bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under § 506 of the Code. If the value of the collateral or setoffs securing the creditor’s claim is less than the amount of the creditor’s allowed claim, the deficiency will be classified as a Class 4 General Unsecured Claim, unless the creditor’s claim is secured only by collateral which is the Debtor’s primary residence.

| <u>Class</u> | <u>Description</u> | <u>Insider</u> | <u>Impairment</u> | <u>Treatment</u> |
|--------------|--|----------------|-------------------|---|
| 1. | <u>Allowed Secured Claim of Banco Popular de Puerto Rico:</u> Class 1 consists of the Allowed Secured Claim, if any, of Banco Popular de Puerto Rico (“BPPR”), which arises from a pre-petition mortgage on Debtor’s Commercial Property. BPPR filed Proof of Claim #2 in the amount of \$396,239.65. It is estimated that BPPR’s Allowed Class 1 Claim will be the amount of \$396,239.65. | No | Yes | BPPR will receive a 100% distribution on its Allowed Class 1 Secured Claim. If Allowed, BPPR’s Class 1 Claim will be in the amount of \$396,239.65. Any Allowed Class 1 Claim will be amortized over 360 months. Any Allowed Class 1 Claim will be paid in full on or before the 90 th following the Effective Date of the Plan. Monthly payments will be of principal and interest, over 89 months. On or before the 90 th month following the Effective Date of the Plan the Debtor will make one final payment of any remaining balance (the “Balloon Payment”). The yearly rate of interest will be based on 3.25% ¹ . Payments will commence on the first day of the second month following the Effective Date of the Plan. The Allowed Class 1 Claim will be secured by the Commercial Property to the same extent and priority as they had as of the Petition Date. The Debtor shall maintain the Commercial Property duly insured at all relevant times and will |

¹ For example, if the Case is confirmed based upon the above terms, the Debtor’s monthly payments will be in the amount of \$1,724.46.

| | | | | |
|----|--|----|-----|--|
| | | | | continue to pay and maintain current property taxes and insurance. |
| 2. | <u>The Allowed Class 2 Claim of Internal Revenue Services.</u> Class 2 consists of the Allowed Secured Claim, if any, of the Internal Revenue Services (“IRS”). The IRS alleges to hold a statutory lien over the Commercial Property. The IRS has filed Proof of Claim #1 in the amount of \$7,536.51. It is anticipated that the IRS’ Allowed Class 2 Claim will be in the amount of \$7,536.51. | No | Yes | The Plan anticipates a 100.00% distribution on the Allowed Class 2 Claims. The Allowed Class 2 Claims will be satisfied 60 monthly payments. The yearly rate of interest will be based on 3.25% ² . Payments will commence on the first day of the second month following the Effective Date of the Plan. The Allowed Class 2 Claim will be secured by the Commercial Property to the same extent and priority as they had as of the Petition Date. |
| 3. | <u>Allowed Secured Claim of CRIM:</u> The Class 3 Claim consists of the Allowed Secured Claims, if any, of Centro de Recaudaciones de Ingresos Municipales (“CRIM”) secured by Debtor’s Commercial Property, which are non-homestead property owned by the Debtor. Treasury filed Proof of Claim #5 in the amount of \$3,774.49 with a secured portion of \$3,593.44. It is anticipated that the Claim filed pursuant to Class 3 will result in an Allowed Secured Class 3 Claim in the amount of \$3,593.44. | | | The Plan anticipates a 100.00% distribution on the Allowed Class 3 Claims. The Allowed Class 3 Claims will be satisfied 60 monthly payments. The yearly rate of interest will be based on 3.25% ³ . Payments will commence on the first day of the second month following the Effective Date of the Plan. The Allowed Class 3 Claim will be secured by the Commercial Property to the same extent and priority as they had as of the Petition Date. |

2. Classes of Priority Unsecured Claims

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

² For example, if the Case is confirmed based upon the above terms, the Debtor’s monthly payments will be in the amount of \$136.32.

³ For example, if the Case is confirmed based upon the above terms, the Debtor’s monthly payments will be in the amount of \$65.00.

The Debtor does not have any claims of the kind described under §§ 507(a)(1), (4), (5), (6), and (a)(7) of the Code.

3. Class of General Unsecured Claims

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code.

In this Case, Unsecured Claims are classified in Class 4. The following chart identifies the Plan’s proposed treatment of the class of claims which contain general unsecured claims against the Debtor:

| <u>Class</u> | <u>Description</u> | <u>Insider</u> | <u>Impairment</u> | <u>Treatment</u> |
|--------------|--|----------------|-------------------|--|
| 4. | <u>The Allowed Class 4 Claims of General Unsecured Creditors.</u> Class 4 General Unsecured Claims consists of all unsecured claims allowed under § 502 of the Code. This Class consists of the pre-petition unsecured claims against the Debtor, to the extent Allowed, if any. It is anticipated that the Claims Allowed pursuant to Class 4 will be in the approximate amount of \$25,276.00. See, <u>Chart of Claims</u> , attached as <u>Exhibit F</u> . | No | Yes | Holders of Allowed Class 4 Claims will receive a distribution of \$18,000.00. This distribution is projected to equal a 70.00% distribution on Allowed Class 4 Claims. These claims will be paid via 60 monthly payments in the amount of \$300.00. Payments on the Class 4 Claims will commence on the first day of the 61 st month following the Effective Date of the Plan and continue, on a monthly basis, through the last day of the 120 th month following the Effective Date of the Plan. |

4. Class of Equity Interest Holders

Equity interest holders are parties who hold an ownership interest (i.e., equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company (“LLC”), the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder.

In this Case, the Debtor’s Equity is classified in Class 5. The following chart sets forth the Plan’s proposed treatment of the class of equity interest holders:

| <u>Class</u> | <u>Description</u> | <u>Impairment</u> | <u>Treatment</u> |
|--------------|--------------------|-------------------|------------------|
|--------------|--------------------|-------------------|------------------|

| | | | |
|---|--|----|--|
| 5 | Debtors' Equity (Ownership) Interest over Property of the Estate | No | The Debtor will retain his Ownership Interest. |
|---|--|----|--|

D. Means of Implementing the Plan

1. Source of Payments

Payments and distributions under the Plan will be funded by the following:

The Plan establishes that the Plan will be funded from the cash-flows generated by the Reorganized Debtor. The Debtor's cash-flows consist of the revenue generated by the Debtor's rental income. The Debtor will contribute its cash flows to fund the Plan commencing on the Effective Date of the Plan and continue to contribute through the date that Holders of Allowed Class 1, 2, 3 and 4 Claims receive the payments specified for in the Plan.

2. Post-confirmation Management

The Post-Confirmation Managers of the Debtor shall be Mr. Juan L. Morales Gonzalez.

E. Risk Factors

The proposed Plan has the following risks:

1. Income Risk Factor: Although the Debtor believes the Reorganized Debtor will be able to generate sufficient income subsequent to the Effective Date of the Plan to make the payments contemplated by the Plan, there is a risk that the projected rental income will be insufficient to make payments to Creditors.

F. Executory Contracts and Unexpired Leases

The Plan, in **Exhibit B-1 is any**, lists all executory contracts and unexpired leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any. **Exhibit B-1** also lists how the Debtor will cure and compensate the other party to such contract or lease for any such defaults.

If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time.

All executory contracts and unexpired leases that are not listed in **Exhibit B-1** and specifically assumed therein will be deemed rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases.

If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

The Deadline for Filing a Proof of Claim Based on a Claim Arising from the Rejection of a Lease or Contract Is 60 Days from the Rejection of Such Agreement or any other later date set by the Court. Any claim based on the rejection of a contract or lease will be barred if the proof of claim is not timely filed, unless the Court orders otherwise.

G. Tax Consequences of Plan

Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, And/Or Advisors.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include, but are not limited to, the requirements that: (a) the Plan must be proposed in good faith; (b) at least one impaired class of claims must accept the plan, without counting votes of insiders; (c) the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and (d) the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

A. Who May Vote or Object

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that Classes 1 through 4 are impaired and that holders of claims in Classes 1 through 4 are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that the Equity Class, which is Class 5, is unimpaired and that holders of claims in Class 5, therefore, do not have the right to vote to accept or reject the Plan.

1. What Is an Allowed Claim or an Allowed Equity Interest?

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated and/or such claim has been objected to; or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

The deadline for filing a proof of claim in this case was December 12, 2016.

2. What Is an Impaired Claim or Impaired Equity Interest?

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is impaired under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

3. Who is Not Entitled to Vote

The holders of the following five types of claims and equity interests are not entitled to vote:

- holders of claims and equity interests that have been disallowed by an order of the Court;
- holders of other claims or equity interests that are not “allowed claims” or “allowed equity interests” (as discussed above), unless they have been “allowed” for voting purposes.
- holders of claims or equity interests in unimpaired classes;
- holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and
- holders of claims or equity interests in classes that do not receive or retain any value under the Plan;
- administrative expenses.

Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan and to the Adequacy of the Disclosure Statement.

4. Who Can Vote in More Than One Class

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

B. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by “cram-down” on non-accepting classes, as discussed later in Section IV - B.2.

1. Votes Necessary for a Class to Accept the Plan

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. Treatment of Nonaccepting Classes

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a ‘cram-down plan’. The Code allows the Plan to bind non-accepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not “discriminate unfairly,” and is “fair and equitable” toward each impaired class that has not voted to accept the Plan.

You should consult your own attorney if a “cram down” confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

C. Liquidation Analysis

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation. A liquidation analysis is attached to this Disclosure Statement as **Exhibit D**.

This analysis of the Debtor’s assets and liabilities reveals that the “forced-sale value” of the Debtor’s assets (i.e., value that could be generated by a Chapter 7 Trustee if assets needed to be sold liquidation in a 90-day window) amount to approximately \$20,749.60. A hypothetical

Chapter 7 liquidation would also lead to sale/liquidation expenses of close to \$2,824.96; leaving a balance of less than \$17,924.64 for a Chapter 7 Trustee to distribute to unsecured creditors.

In this Case, however, unsecured creditors are expected to receive almost \$23,000.00. Accordingly, the distribution to unsecured creditors in this Case equals or exceeds the amount unsecured creditors would receive in a hypothetical Chapter 7 Liquidation. As such, the distribution to unsecured creditors in this Case meets and exceeds the so called Liquidation Value Test.

D. Feasibility

The Court must also find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

1. Ability to Initially Fund Plan

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date. The Debtor estimates that at the time of an Order of Confirmation, the debtor will have sufficient in liquid assets to fund the Plan. A Table showing the projected amount of cash on hand on the effective date of the Plan, and the sources of that cash are attached to this disclosure statement as **Exhibit E**.

2. Ability to Make Future Plan Payments and Operate Without Further Reorganization

The Plan Proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments.

The Plan Proponent has provided a Cash Flow Projection for the duration of the Plan (5 Years), which is attached as **Exhibit E**.

Here, the Debtor's post confirmation projected cash-flows demonstrate the sustained ability to continue to make payment on the unsecured debt reorganized through the Plan in addition to all other operational payments and expenses of the Debtor. From the projected Effective Date of the Plan (June 2017) through December of 2021 (i.e., 5-years), the Debtor projects positive cash-flows which evidence the feasibility of the Debtor's Plan.

You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.

V. EFFECT OF CONFIRMATION OF PLAN

A. DISCHARGE OF DEBTOR

1. Discharge. To the fullest extent permitted by applicable law, and except as otherwise provided in the Plan, the operative documents implementing the Plan, or the Confirmation Order: (a) on the Effective Date the Confirmation Order shall operate as a discharge under 11 U.S.C. § 1140(d)(1) of the Bankruptcy Code, and as a release of any and all Claims, Debts, Liens, Security Interests, and encumbrances of and against the Reorganized Debtor and all Property that arose before Confirmation, including without limitation, any Claim of a kind specified in §§ 502(g), 502(h), or 502(i) of the Bankruptcy Code, and all principal and interest, whether accrued before, on, or after the Petition Date, regardless of whether (i) a Proof of Claim has been filed or deemed filed, (ii) such Claim has been Allowed pursuant to § 502 of the Bankruptcy Code, or (iii) the Holder of such Claim has voted on the Plan or has voted to reject the Plan; and (b) from and after the Effective Date (i) all Holders of Claims shall be barred and enjoined from asserting against the Reorganized Debtor and his property any Claims, Debts, Liens, Security Interests, and encumbrances of and against all Property of the Estate, and (iii) the Debtor shall be fully and finally discharged of any liability or obligation on a Disallowed Claim or an Interest. Except as otherwise specifically provided herein, nothing in the Plan shall be deemed to waive, limit, or restrict in any manner the discharge granted upon Confirmation of the Plan pursuant to § 1141 of the Bankruptcy Code.

B. Modification of Plan

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or re-voting on the Plan. The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated and (2) the Court authorizes the proposed modifications after notice and a hearing.

Upon request of the Debtors, the United States trustee, or the holder of an allowed unsecured claim, the Plan may be modified at any time after confirmation of the Plan but before the completion of payments under the Plan, to (1) increase or reduce the amount of payments under the Plan on claims of a particular class, (2) extend or reduce the time period for such payments, or (3) alter the amount of distribution to a creditor whose claim is provided for by the Plan to the extent necessary to take account of any payment of the claim made other than under the Plan.

C. Final Decree

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

Respectfully Submitted,

/s/ Luvis Ambulance Services, Inc.
Mr. Juan L. Morales Gonzalez as
President

Jesús E. Batista Sánchez, Esq.
The Batista Law Group, PSC
420 Ave. Ponce de León; Suite 901
San Juan, PR 00918
Tel. 787-620-2856
Fax. 787-625-0259

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

Case No. 16-06244

LUVIS AMBULANCE SERVICES, INC.

Chapter 11

Debtors
_____ /

FIRST PLAN OF REORGANIZATION DATED FEBRUARY 16, 2017

Jesús Enrique Batista-Sánchez, Esq.
The Batista Law Group, PSC
Cond. Mid-Town Center
420 Ave. Juan Ponce De León
Suite 901
San Juan, PR 00918
(787) 620-2856

**ARTICLE I
SUMMARY**

This Plan of Reorganization (the “Plan”) under chapter 11 of the Bankruptcy Code (the “Code”) proposes to pay creditors of LUVIS AMBULANCE SERVICES, Inc. (the “Debtor”) from cash flows generated from the operation of the Debtor.

This Plan provides for three (3) class of secured claims, one (1) class of unsecured claims and one (1) class of equity security holders. Additionally, the Plan provides treatment for unsecured priority tax claims which have not been classified. Unsecured creditors holding allowed claims will receive distributions, which the proponent of this Plan has valued at approximately \$22,700.00 or a 75.00% distribution on their Allowed Claims. In addition, this Plan also provides for the payment of administrative claims.

The following chart lists the §507(a)(8) priority tax claims which have been filed against the Debtor and the Debtor’s Estate. If deemed Allowed Claims, as filed, the following chart lists the proposed treatment under the Plan for these claims:

| <u>Description</u> | <u>Estimated Amount Owed</u> | <u>Date of Assessment</u> | <u>Treatment</u> |
|--------------------------|----------------------------------|-------------------------------|--|
| CRIM | \$368.86 | 2014-2015 | Pmt Interval: 1 Payment Amount of Pmt: \$368.86 Begin Date: 2 nd Month End Date: 2 nd Month Interest Rate: 0.00% Total Payout Amount: \$368.86 |
| Departamento de Hacienda | \$4400.98 | 2012-2015 | Pmt Interval: 60 Payments Amount of Pmt: \$79.55 Begin Date: 2 nd Month End Date: 60 th Month <i>No Later than 8/5/2021</i> Interest Rate: 3.25% Total Payout Amount: \$4,773.00 |

All creditors and equity security holders should refer to Articles II through VI of this Plan for information regarding the precise treatment of their claim. A disclosure statement that provides more detailed information regarding this Plan and the rights of creditors and equity security holders has been circulated with this Plan. **Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one. If you do not have an attorney, you may wish to consult one.**

ARTICLE II
CLASSIFICATION OF CLAIMS AND INTERESTS

- 2.01 Class 1. **Allowed Secured Claim of Banco Popular de Puerto Rico:** Class 1 consists of the Allowed Secured Claim, if any, of Banco Popular de Puerto Rico (“BPPR”), which arises from a pre-petition mortgage on Debtor’s Commercial Property. BPPR filed Proof of Claim #2 in the amount of \$396,239.65. If Allowed, BPPR’s Class 1 Claim will be the amount of \$396,239.65.
- 2.02 Class 2. **The Allowed Class 2 Claim of Internal Revenue Services.** Class 2 consists of the Allowed Secured Claim, if any, of the Internal Revenue Services (“IRS”). The IRS alleges to hold a statutory lien over the Commercial Property. The IRS has filed Proof of Claim #1 in the amount of \$7,536.51. If Allowed, the IRS’ Class 2 Claim will be in the amount of \$7,536.51
- 2.03 Class 3. **Allowed Secured Claim of CRIM:** Class 3 Claim consists of the Allowed Secured Claims, if any, of Centro de Recaudaciones de Ingresos Municipales (“CRIM”) secured by Debtor’s Commercial Property, which is non-homestead property owned by the Debtor. Treasury filed Proof of Claim #5 in the amount of \$3,774.49 with a secured portion of \$3,593.44. If Allowed, CRIM’s Class 3 Claim will be in the amount of \$3,593.44.
- 2.04 Class 4. **The Allowed Class 4 Claims of General Unsecured Creditors.** Class 4 General Unsecured Claims consists of all unsecured claims allowed under § 502 of the Code. This Class consists of the pre-petition unsecured claims against the Debtor, to the extent Allowed, if any. It is anticipated that the Claims Allowed pursuant to Class 4 will be in the approximate amount of \$25,276.00. See, Chart of Claims, attached as Exhibit F.
- 2.05 Class 5. **The Debtor’s Equity.** Class 5 consists of the Debtor’s interest in the assets of the Estate.

ARTICLE III
TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS,
U.S. TRUSTEES FEES, AND PRIORITY TAX CLAIMS

3.01 Unclassified Claims. Except as otherwise expressly provided for herein, the Debtor shall pay Ordinary Course Administrative Claims according to the existing terms in effect between the Debtor and the Holders of such Ordinary Course Administrative Expense Claims.

3.02 Administrative Expense Claims. All Administrative Expense Claims that are not Ordinary Course Administrative Expenses Claims, including Professional Fee Claims, shall be paid 15 days after the later of (i) the Effective Date, (ii) the date such Administrative Expense Claim becomes an Allowed Administrative Expense Claim, or (iii) the date such Administrative Expense Claim becomes payable pursuant to any agreement between the Debtor or the Reorganized Debtor and the holder of such Administrative Expense Claim.

3.03 Priority Tax Claims.

Description: Priority Tax Claims consist of the Priority Tax Claims which are deemed allowed in this Case. The Debtor believes that two creditors hold claims that may qualify as Priority Tax Claims. First, the CRIM filed Proof of Claim #4 in the amount of \$368.86 which constitutes a priority tax claim. Second, the Department of treasury filed Proof of Claim #6 in the amount of \$7,434.11 of which \$4,400.98 may constitute a priority tax claim.

Treatment: The Priority Tax Claims will be paid as follows: (a) CRIM’s Priority Tax Claim will be paid in full (100%) via one monthly payment; and (b) The Department of Treasury’s Tax Claim will be paid via 60 monthly payments in the amount of \$79.55 to commence on the first date of the second month following the effective date to the plan, but the last payment will not be paid any later than August 5, 2021.

3.04 United States Trustee Fees. All fees required to be paid by 28 U.S.C. §1930(a)(6) (U.S. Trustee Fees) will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. Any U.S. Trustee Fees owed on or before the effective date of this Plan will be paid on the effective date.

**ARTICLE IV
TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN**

4.01 Claims and interests shall be treated as follows under this Plan:

| <u>Class</u> | <u>Description</u> | <u>Insider</u> | <u>Impairment</u> | <u>Treatment</u> |
|--------------|---|----------------|-------------------|---|
| 1. | <u>Allowed Secured Claim of Banco Popular de Puerto Rico:</u> Class 1 consists of the Allowed Secured | No | Yes | BPPR will receive a 100% distribution on its Allowed Class 1 Secured Claim. If Allowed, BPPR’s Class 1 Claim will be in the amount of \$396,239.65. Any |

| | | | | |
|----|--|----|-----|---|
| | <p>Claim, if any, of Banco Popular de Puerto Rico (“BPPR”), which arises from a pre-petition mortgage on Debtor’s Commercial Property. BPPR filed Proof of Claim #2 in the amount of \$396,239.65. It is estimated that BPPR’s Allowed Class 1 Claim will be the amount of \$396,239.65.</p> | | | <p>Allowed Class 1 Claim will be amortized over 360 months. Any Allowed Class 1 Claim will be paid in full on or before the 90th month following the Effective Date of the Plan. Monthly payments will be of principal and interest, over 89 months. On or before the 90th month following the Effective Date of the Plan the Debtor will make one final payment of any remaining balance (the “Balloon Payment”). The yearly rate of interest will be based on 3.25%¹. Payments will commence on the first day of the second month following the Effective Date of the Plan. The Allowed Class 1 Claim will be secured by the Commercial Property to the same extent and priority as they had as of the Petition Date. The Debtor shall maintain the Commercial Property duly insured at all relevant times and will continue to pay and maintain current property taxes and insurance.</p> |
| 2. | <p><u>The Allowed Class 2 Claim of Internal Revenue Services.</u> Class 2 consists of the Allowed Secured Claim, if any, of the Internal Revenue Services (“IRS”). The IRS alleges to hold a statutory lien over the Commercial Property. The IRS has filed Proof of Claim #1 in the amount of \$7,536.51. It is anticipated that the IRS’ Allowed Class 2 Claim will be in the amount of \$7,536.51.</p> | No | Yes | <p>The Plan anticipates a 100.00% distribution on the Allowed Class 2 Claims. The Allowed Class 2 Claim will be satisfied via 60 monthly payments. The yearly rate of interest will be based on 3.25%². Payments will commence on the first day of the second month following the Effective Date of the Plan. The Allowed Class 2 Claim will be secured by the Commercial Property to the same extent and priority as they had as of the Petition Date.</p> |
| 3. | <p><u>Allowed Secured Claim of CRIM:</u> The Class 3 Claim consists of the Allowed Secured Claims, if any, of Centro de Recaudaciones de Ingresos</p> | | | <p>The Plan anticipates a 100.00% distribution on the Allowed Class 3 Claims. The Allowed Class 3 Claims will be satisfied 60 monthly payments. The yearly rate of interest will be based</p> |

¹ For example, if the Case is confirmed based upon the above terms, the Debtor’s monthly payments will be in the amount of \$1,724.46.

² For example, if the Case is confirmed based upon the above terms, the Debtor’s monthly payments will be in the amount of \$136.32.

| | | | | |
|-----------|--|----|-----|--|
| | Municipales (“CRIM”) secured by Debtor’s Commercial Property, which are non-homestead property owned by the Debtor. Treasury filed Proof of Claim #5 in the amount of \$3,774.49 with a secured portion of \$3,593.44. It is anticipated that the Claim filed pursuant to Class 3 will result in an Allowed Secured Class 3 Claim in the amount of \$3,593.44. | | | on 3.25% ³ . Payments will commence on the first day of the second month following the Effective Date of the Plan. The Allowed Class 3 Claim will be secured by the Commercial Property to the same extent and priority as they had as of the Petition Date. |
| 4. | <u>The Allowed Class 4 Claims of General Unsecured Creditors.</u> Class 4 General Unsecured Claims consists of all unsecured claims allowed under § 502 of the Code. This Class consists of the pre-petition unsecured claims against the Debtor, to the extent Allowed, if any. It is anticipated that the Claims Allowed pursuant to Class 4 will be in the approximate amount of \$25,276.00. <i>See, Chart of Claims</i> , attached as <u>Exhibit F</u> . | No | Yes | Holders of Allowed Class 4 Claims will receive a distribution of \$18,000.00. This distribution is projected to equal a 70.00% distribution on Allowed Class 4 Claims. These claims will be paid via 60 monthly payments in the amount of \$300.00. Payments on the Class 4 Claims will commence on the first day of the 61 st month following the Effective Date of the Plan and continue, on a monthly basis, through the last day of the 120 th month following the Effective Date of the Plan. |

ARTICLE V
ALLOWANCE AND DISALLOWANCE OF CLAIMS

5.01 Disputed Claim. A disputed claim is a claim that has not been allowed or disallowed by a final non-appealable order, and as to which either: (i) a proof of claim has been filed or deemed filed, and the Debtor or another party in interest has filed an objection; or (ii) no proof of claim has been filed, and the Debtor has scheduled such claim as disputed, contingent, or unliquidated.

5.02 Delay of Distribution on a Disputed Claim. No distribution will be made on account of a disputed claim unless such claim is allowed by a final non-appealable order.

5.03 Settlement of Disputed Claims. The Debtor will have the power and authority to settle and compromise a disputed claim with court approval and compliance with Rule 9019 of the Federal Rules of Bankruptcy Procedure.

ARTICLE VI

³ For example, if the Case is confirmed based upon the above terms, the Debtor’s monthly payments will be in the amount of \$65.00.

PROVISIONS FOR EXECUTORY CONTRACTS AND UNEXPIRED LEASES

6.01 Assumed Executory Contracts and Unexpired Leases.

(a) The Debtor assumes the executory contracts and/or unexpired Leases, listed in the attached **Exhibit 6.1 if any**, effective upon the Effective Date of this Plan as provided in Article VII.

(b) The Debtor will be conclusively deemed to have rejected all executory contracts and/or unexpired leases not expressly assumed under section 6.01(a) above or specifically enumerated or listed in the attached **Exhibit 6.1**, or before the date of the order confirming this Plan, upon the Effective Date of this Plan. A proof of a claim arising from the rejection of an executory contract or unexpired lease under this section must be filed no later than 60 days after the date of the order confirming this Plan.

ARTICLE VII
MEANS FOR IMPLEMENTATION OF THE PLAN

1. Source of Payments

Payments and distributions under the Plan will be funded by the following:

The Plan establishes that the Plan will be funded from the cash-flows generated by the Reorganized Debtor. It generally consists of the rental income of the Debtor. The Debtor will contribute its cash flow to fund the Plan commencing on the Effective Date of the Plan and continue to contribute such income through the date that Holders of Allowed Class 1 to 4 Claims, as well as the holders of Allowed Priority Tax Claims, receive the payments specified for in the Plan.

2. Post-confirmation Management

The Post-Confirmation Managers of the Debtor shall be: Mr. Juan Morales Gonzalez, its President.

ARTICLE VIII
GENERAL PROVISIONS

8.01 Definitions and Rules of Construction. The definitions and rules of construction set forth in §§ 101 and 102 of the Code shall apply when terms defined or construed in the Code are used in this Plan.

8.02 Effective Date of Plan. The effective date of this Plan is the first business day following the date that is fourteen days after the entry of the order of confirmation (the “Effective Date”). If, however, a stay of the confirmation order is in effect on that date, the

effective date will be the first business day after the date on which the stay of the confirmation order expires or is otherwise terminated.

8.03 Severability. If any provision in this Plan is determined to be unenforceable, the determination will in no way limit or affect the enforceability and operative effect of any other provision of this Plan.

8.04 Binding Effect. The rights and obligations of any entity named or referred to in this Plan will be binding upon, and will inure to the benefit of the successors or assigns of such entity.

8.05 Captions. The headings contained in this Plan are for convenience of reference only and do not affect the meaning or interpretation of this Plan.

8.06 Controlling Effect. Unless a rule of law or procedure is supplied by federal law (including the Code or the Federal Rules of Bankruptcy Procedure), the laws of the Commonwealth of Puerto Rico governs this Plan and any agreements, documents, and instruments executed in connection with this Plan, except as otherwise provided in this Plan.

ARTICLE IX **DISCHARGE AND INJUNCTION**

9.01. Discharge. To the fullest extent permitted by applicable law, and except as otherwise provided in the Plan, the operative documents implementing the Plan, or the Confirmation Order: (a) on the Effective Date the Confirmation Order shall operate as a discharge under 11 U.S.C. § 1140(d)(1) of the Bankruptcy Code, and as a release of any and all Claims, Debts, Liens, Security Interests, and encumbrances of and against the Reorganized Debtor and all Property that arose before Confirmation, including without limitation, any Claim of a kind specified in §§ 502(g), 502(h), or 502(i) of the Bankruptcy Code, and all principal and interest, whether accrued before, on, or after the Petition Date, regardless of whether (i) a Proof of Claim has been filed or deemed filed, (ii) such Claim has been Allowed pursuant to § 502 of the Bankruptcy Code, or (iii) the Holder of such Claim has voted on the Plan or has voted to reject the Plan; and (b) from and after the Effective Date (i) all Holders of Claims shall be barred and enjoined from asserting against the Reorganized Debtor and his property any Claims, Debts, Liens, Security Interests, and encumbrances of and against all Property of the Estate, and (iii) the Debtor shall be fully and finally discharged of any liability or obligation on a Disallowed Claim or an Interest. Except as otherwise specifically provided herein, nothing in the Plan shall be deemed to waive, limit, or restrict in any manner the discharge granted upon Confirmation of the Plan pursuant to § 1141 of the Bankruptcy Code.

Respectfully Submitted,

/s/ Luvis Ambulance, Inc.
Mr. Juan Morales Gonzalez, as
President Of Luvis Ambulance, Inc.

Counsel for Debtor:

/s./ Jesús E. Batista Sánchez

Jesus E. Batista Sanchez, Esq.

The Batista Law Group, PSC

420 Ave. Ponce de León; Suite 901

San Juan, PR 00918

Tel. 787-620-2856

Fax. 787-625-0259

Fill in this information to identify the case:

Debtor name LUVIS AMBULANCE SERVICES INC

United States Bankruptcy Court for the: DISTRICT OF PUERTO RICO, SAN JUAN DIVISION

Case number (if known) 3:16-bk-6244

Check if this is an amended filing

Official Form 206A/B

Schedule A/B: Assets - Real and Personal Property

12/15

Disclose all property, real and personal, which the debtor owns or in which the debtor has any other legal, equitable, or future interest. Include all property in which the debtor holds rights and powers exercisable for the debtor's own benefit. Also include assets and properties which have no book value, such as fully depreciated assets or assets that were not capitalized. In Schedule A/B, list any executory contracts or unexpired leases. Also list them on *Schedule G: Executory Contracts and Unexpired Leases* (Official Form 206G).

Be as complete and accurate as possible. If more space is needed, attach a separate sheet to this form. At the top of any pages added, write the debtor's name and case number (if known). Also identify the form and line number to which the additional information applies. If an additional sheet is attached, include the amounts from the attachment in the total for the pertinent part.

For Part 1 through Part 11, list each asset under the appropriate category or attach separate supporting schedules, such as a fixed asset schedule or depreciation schedule, that gives the details for each asset in a particular category. List each asset only once. In valuing the debtor's interest, do not deduct the value of secured claims. See the instructions to understand the terms used in this form.

Part 1: Cash and cash equivalents

1. Does the debtor have any cash or cash equivalents?

- No. Go to Part 2.
- Yes Fill in the information below.

| All cash or cash equivalents owned or controlled by the debtor | | | Current value of debtor's interest |
|--|---|-------------------------|------------------------------------|
| 3. | Checking, savings, money market, or financial brokerage accounts <i>(Identify all)</i> | | |
| | Name of institution (bank or brokerage firm) | Type of account | Last 4 digits of account number |
| 3.1. | <u>SCOTIABANK ACCOUNT</u> | <u>CHECKING ACCOUNT</u> | <u>5783</u> |
| | | | <u>\$26.64</u> |

4. **Other cash equivalents** *(Identify all)*

5. **Total of Part 1.**

Add lines 2 through 4 (including amounts on any additional sheets). Copy the total to line 80.

\$26.64

Part 2: Deposits and Prepayments

6. Does the debtor have any deposits or prepayments?

- No. Go to Part 3.
- Yes Fill in the information below.

Part 3: Accounts receivable

10. Does the debtor have any accounts receivable?

- No. Go to Part 4.
- Yes Fill in the information below.

11. **Accounts receivable**

11a. 90 days old or less: 86,154.94 - 43,077.47 = \$43,077.47

face amount

doubtful or uncollectible accounts

Debtor LUVIS AMBULANCE SERVICES INC
Name

Case number (If known) 3:16-bk-6244

12. **Total of Part 3.**

Current value on lines 11a + 11b = line 12. Copy the total to line 82.

| |
|--------------------|
| <u>\$43,077.47</u> |
|--------------------|

Part 4: Investments

13. Does the debtor own any investments?

- No. Go to Part 5.
- Yes Fill in the information below.

Part 5: Inventory, excluding agriculture assets

18. Does the debtor own any inventory (excluding agriculture assets)?

- No. Go to Part 6.
- Yes Fill in the information below.

| | General description | Date of the last physical inventory | Net book value of debtor's interest (Where available) | Valuation method used for current value | Current value of debtor's interest |
|-----|---|-------------------------------------|---|---|------------------------------------|
| 19. | Raw materials INVENTORY (PENDING) | 9/8/2016 | \$3,400.00 | | \$3,400.00 |

20. **Work in progress**

21. **Finished goods, including goods held for resale**

22. **Other inventory or supplies**

23. **Total of Part 5.**

Add lines 19 through 22. Copy the total to line 84.

| |
|-------------------|
| <u>\$3,400.00</u> |
|-------------------|

24. Is any of the property listed in Part 5 perishable?

- No
- Yes

25. Has any of the property listed in Part 5 been purchased within 20 days before the bankruptcy was filed?

- No
- Yes. Book value _____ Valuation method _____ Current Value _____

26. Has any of the property listed in Part 5 been appraised by a professional within the last year?

- No
- Yes

Part 6: Farming and fishing-related assets (other than titled motor vehicles and land)

27. Does the debtor own or lease any farming and fishing-related assets (other than titled motor vehicles and land)?

- No. Go to Part 7.
- Yes Fill in the information below.

Part 7: Office furniture, fixtures, and equipment; and collectibles

38. Does the debtor own or lease any office furniture, fixtures, equipment, or collectibles?

- No. Go to Part 8.
- Yes Fill in the information below.

Part 8: Machinery, equipment, and vehicles

46. Does the debtor own or lease any machinery, equipment, or vehicles?

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Name

Case number (If known) 3:16-bk-6244

- No. Go to Part 9.
 Yes Fill in the information below.

| General description Include year, make, model, and identification numbers (i.e., VIN, HIN, or N-number) | Net book value of debtor's interest (Where available) | Valuation method used for current value | Current value of debtor's interest |
|--|--|---|------------------------------------|
| 47. Automobiles, vans, trucks, motorcycles, trailers, and titled farm vehicles | | | |
| 47.1. <u>2001 Ford Econoline Wagon</u> | <u>\$500.00</u> | | <u>\$500.00</u> |
| 47.2. <u>1996 Ford E-350</u> | <u>\$200.00</u> | | <u>\$200.00</u> |
| 47.3. <u>2003 Chevrolet Venture</u> | <u>\$2,500.00</u> | | <u>\$2,500.00</u> |
| 47.4. <u>1993 Mitsubishi Montero</u> | <u>\$1,500.00</u> | | <u>\$1,500.00</u> |
| 47.5. <u>2000 Ford Econoline Wagon</u> | <u>\$100.00</u> | | <u>\$100.00</u> |
| 47.6. <u>2001 Ford Econoline Wagon</u> | <u>\$150.00</u> | | <u>\$150.00</u> |
| 47.7. <u>1995 Ford E-350</u> | <u>\$200.00</u> | | <u>\$200.00</u> |
| 47.8. <u>1995 Ford E-350</u> | <u>\$200.00</u> | | <u>\$200.00</u> |
| 47.9. <u>2003 Ford Econoline Wagon</u> | <u>\$500.00</u> | | <u>\$500.00</u> |
| 47.10. <u>2003 Ford Econoline Wagon</u> | <u>\$350.00</u> | | <u>\$350.00</u> |
| 47.11. <u>2002 Ford Econoline Wagon</u> | <u>\$200.00</u> | | <u>\$200.00</u> |
| 47.12. <u>2003 Ford Econoline Wagon</u> | <u>\$300.00</u> | | <u>\$300.00</u> |

48. **Watercraft, trailers, motors, and related accessories** *Examples: Boats, trailers, motors, floating homes, personal watercraft, and fishing vessels*

49. **Aircraft and accessories**

50. **Other machinery, fixtures, and equipment (excluding farm machinery and equipment)**

51. **Total of Part 8.**

Add lines 47 through 50. Copy the total to line 87.

| |
|-------------------|
| <u>\$6,700.00</u> |
|-------------------|

52. **Is a depreciation schedule available for any of the property listed in Part 8?**

- No
 Yes

Debtor LUVIS AMBULANCE SERVICES INC Case number (If known) 3:16-bk-6244
 Name

53. Has any of the property listed in Part 8 been appraised by a professional within the last year?
 No
 Yes

Part 9: Real property

54. Does the debtor own or lease any real property?

- No. Go to Part 10.
 Yes Fill in the information below.

55. Any building, other improved real estate, or land which the debtor owns or in which the debtor has an interest

| Description and location of property Include street address or other description such as Assessor Parcel Number (APN), and type of property (for example, acreage, factory, warehouse, apartment or office building, if available). | Nature and extent of debtor's interest in property | Net book value of debtor's interest (Where available) | Valuation method used for current value | Current value of debtor's interest |
|--|--|---|---|------------------------------------|
| 55.1. DESPIO NORTE INTERIOR PR 141, JAYUYA, PR 00664 | Fee Simple | \$500,000.00 | | \$500,000.00 |

56. Total of Part 9.

Add the current value on lines 55.1 through 55.6 and entries from any additional sheets. Copy the total to line 88.

| |
|---------------------|
| <u>\$500,000.00</u> |
|---------------------|

57. Is a depreciation schedule available for any of the property listed in Part 9?
 No
 Yes

58. Has any of the property listed in Part 9 been appraised by a professional within the last year?
 No
 Yes

Part 10: Intangibles and intellectual property

59. Does the debtor have any interests in intangibles or intellectual property?

- No. Go to Part 11.
 Yes Fill in the information below.

Part 11: All other assets

70. Does the debtor own any other assets that have not yet been reported on this form?

Include all interests in executory contracts and unexpired leases not previously reported on this form.

- No. Go to Part 12.
 Yes Fill in the information below.

Debtor LUVIS AMBULANCE SERVICES INC
Name

Case number (If known) 3:16-bk-6244

Part 12: Summary

In Part 12 copy all of the totals from the earlier parts of the form

| Type of property | Current value of personal property | Current value of real property |
|---|------------------------------------|--------------------------------|
| 80. Cash, cash equivalents, and financial assets. <i>Copy line 5, Part 1</i> | <u>\$26.64</u> | |
| 81. Deposits and prepayments. <i>Copy line 9, Part 2.</i> | <u>\$0.00</u> | |
| 82. Accounts receivable. <i>Copy line 12, Part 3.</i> | <u>\$43,077.47</u> | |
| 83. Investments. <i>Copy line 17, Part 4.</i> | <u>\$0.00</u> | |
| 84. Inventory. <i>Copy line 23, Part 5.</i> | <u>\$3,400.00</u> | |
| 85. Farming and fishing-related assets. <i>Copy line 33, Part 6.</i> | <u>\$0.00</u> | |
| 86. Office furniture, fixtures, and equipment; and collectibles. <i>Copy line 43, Part 7.</i> | <u>\$0.00</u> | |
| 87. Machinery, equipment, and vehicles. <i>Copy line 51, Part 8.</i> | <u>\$6,700.00</u> | |
| 88. Real property. <i>Copy line 56, Part 9.....</i> > | | <u>\$500,000.00</u> |
| 89. Intangibles and intellectual property. <i>Copy line 66, Part 10.</i> | <u>\$0.00</u> | |
| 90. All other assets. <i>Copy line 78, Part 11.</i> | + <u>\$0.00</u> | |
| 91. Total. Add lines 80 through 90 for each column | <u>\$53,204.11</u> | + 91b. <u>\$500,000.00</u> |
| 92. Total of all property on Schedule A/B. Add lines 91a+91b=92 | | <u>\$553,204.11</u> |

INVENTARIO LUVIS

5 camillas de ambulancias 1,500.00

4 camillas de pala 400.00

4 lomboard 300.00

2 AED 800.00

2 cajas de gazas 75.00

25 férulas 60.00

30 mascarillas de oxígeno 90.00

20 collares cervicales 60.00

15 líneas de sueros 25.00

1 caja tape. 40.00

1 caja de vendaje 50.00

Total Inventario 3,400.00

Fill in this information to identify the case:

Debtor name LUVIS AMBULANCE SERVICES INC

United States Bankruptcy Court for the: DISTRICT OF PUERTO RICO, SAN JUAN DIVISION

Case number (if known) 3:16-bk-6244

Check if this is an amended filing

Official Form 206D

Schedule D: Creditors Who Have Claims Secured by Property

12/15

Be as complete and accurate as possible.

1. Do any creditors have claims secured by debtor's property?

- No. Check this box and submit page 1 of this form to the court with debtor's other schedules. Debtor has nothing else to report on this form.
- Yes. Fill in all of the information below.

Part 1: List Creditors Who Have Secured Claims

2. List in alphabetical order all creditors who have secured claims. If a creditor has more than one secured claim, list the creditor separately for each claim.

| | | Column A | Column B |
|--|---|--|--|
| | | Amount of claim | Value of collateral that supports this claim |
| | | Do not deduct the value of collateral. | |
| <p>2.1 BANCO POPULAR DE PUERTO RICO Creditor's Name</p> <p>PO BOX 362708 DEPARTAMENTO DE QUIEBRAS SAN JUAN, PR 00936 Creditor's mailing address</p> <p>_____ Creditor's email address, if known</p> <p>Date debt was incurred PENDING</p> <p>Last 4 digits of account number 9002</p> <p>Do multiple creditors have an interest in the same property?</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Specify each creditor, including this creditor and its relative priority. | <p>Describe debtor's property that is subject to a lien DESVIO NORTE INTERIOR PR 141, JAYUYA, PR 00664</p> <p>_____ Describe the lien</p> <p>Is the creditor an insider or related party?</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes <p>Is anyone else liable on this claim?</p> <ul style="list-style-type: none"> <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Fill out <i>Schedule H: Codebtors</i> (Official Form 206H) <p>As of the petition filing date, the claim is: Check all that apply</p> <ul style="list-style-type: none"> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed | <p>\$316,365.37</p> | <p>\$500,000.00</p> |

3. Total of the dollar amounts from Part 1, Column A, including the amounts from the Additional Page, if any. **\$316,365.37**

Part 2: List Others to Be Notified for a Debt Already Listed in Part 1

List in alphabetical order any others who must be notified for a debt already listed in Part 1. Examples of entities that may be listed are collection agencies, assignees of claims listed above, and attorneys for secured creditors.

If no others need to be notified for the debts listed in Part 1, do not fill out or submit this page. If additional pages are needed, copy this page.

| Name and address | On which line in Part 1 did you enter the related creditor? | Last 4 digits of account number for this entity |
|------------------|---|---|
| _____ | | |

Fill in this information to identify the case:

Debtor name LUVIS AMBULANCE SERVICES INC

United States Bankruptcy Court for the: DISTRICT OF PUERTO RICO, SAN JUAN DIVISION

Case number (if known) 3:16-bk-6244

Check if this is an amended filing

Official Form 206E/F
Schedule E/F: Creditors Who Have Unsecured Claims

12/15

Be as complete and accurate as possible. Use Part 1 for creditors with PRIORITY unsecured claims and Part 2 for creditors with NONPRIORITY unsecured claims. List the other party to any executory contracts or unexpired leases that could result in a claim. Also list executory contracts on *Schedule A/B: Assets - Real and Personal Property* (Official Form 206A/B) and on *Schedule G: Executory Contracts and Unexpired Leases* (Official Form 206G). Number the entries in Parts 1 and 2 in the boxes on the left. If more space is needed for Part 1 or Part 2, fill out and attach the Additional Page of that Part included in this form.

Part 1: List All Creditors with PRIORITY Unsecured Claims

1. Do any creditors have priority unsecured claims? (See 11 U.S.C. § 507).

No. Go to Part 2.

Yes. Go to line 2.

2. List in alphabetical order all creditors who have unsecured claims that are entitled to priority in whole or in part. If the debtor has more than 3 creditors with priority unsecured claims, fill out and attach the Additional Page of Part 1.

| | | Total claim | Priority amount |
|--|---|--------------------|--------------------|
| 2.1 | Priority creditor's name and mailing address DEPARTAMENTO DE HACIENDA BANKRUPTCY DEPARTMENT 235 AVE ARTERIAL STE 1504 SAN JUAN, PR 00918 | <u>\$16,130.00</u> | <u>\$16,130.00</u> |
| As of the petition filing date, the claim is: <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed | | | |
| Date or dates debt was incurred 2015 | | | |
| Last 4 digits of account number 8170 Specify Code subsection of PRIORITY unsecured claim: 11 U.S.C. § 507(a) (8) | | | |
| Basis for the claim: Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes | | | |

| | | | |
|--|---|-------------------|-------------------|
| 2.2 | Priority creditor's name and mailing address INTERNAL REVENUE SERVICE DEPARTMENT OF TREASURY INTERNAL REVENUE SERVICE PHILADELPHIA, PA 19154 | <u>\$9,552.07</u> | <u>\$9,552.07</u> |
| As of the petition filing date, the claim is: <i>Check all that apply.</i> <input type="checkbox"/> Contingent <input type="checkbox"/> Unliquidated <input type="checkbox"/> Disputed | | | |
| Date or dates debt was incurred 2014-2015 | | | |
| Last 4 digits of account number 9170 Specify Code subsection of PRIORITY unsecured claim: 11 U.S.C. § 507(a) (8) | | | |
| Basis for the claim: Is the claim subject to offset? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes | | | |

Part 2: List All Creditors with NONPRIORITY Unsecured Claims

3. List in alphabetical order all of the creditors with nonpriority unsecured claims. If the debtor has more than 6 creditors with nonpriority unsecured claims, fill out and attach the Additional Page of Part 2.

Amount of claim

Debtor LUVIS AMBULANCE SERVICES INC Case number (if known) 3:16-bk-6244
Name

3.1 Nonpriority creditor's name and mailing address **BANCO POPULAR DE PUERTO RICO** As of the petition filing date, the claim is: *Check all that apply.* \$4,261.51
 PO BOX 362708 DEPARTAMENTO DE QUIEBRAS
 SAN JUAN, PR 00936
 Date(s) debt was incurred PENDING
 Last 4 digits of account number 8801
 Contingent
 Unliquidated
 Disputed
 Basis for the claim: __
 Is the claim subject to offset? No Yes

3.2 Nonpriority creditor's name and mailing address **CLARO** As of the petition filing date, the claim is: *Check all that apply.* \$302.44
 PO Box 70367
 San Juan, PR 00936-8367
 Date(s) debt was incurred 02/23/2016
 Last 4 digits of account number 1515
 Contingent
 Unliquidated
 Disputed
 Basis for the claim: __
 Is the claim subject to offset? No Yes

3.3 Nonpriority creditor's name and mailing address **CRIM** As of the petition filing date, the claim is: *Check all that apply.* \$3,620.00
 PO Box 195387
 San Juan, PR 00919-5387
 Date(s) debt was incurred 2015-2016
 Last 4 digits of account number 9002
 Contingent
 Unliquidated
 Disputed
 Basis for the claim: __
 Is the claim subject to offset? No Yes

3.4 Nonpriority creditor's name and mailing address **DEPARTAMENTO DE HACIENDA BANKRUPTCY DEPARTMENT** As of the petition filing date, the claim is: *Check all that apply.* \$4,157.78
 235 AVE ARTERIAL STE 1504
 SAN JUAN, PR 00918
 Date(s) debt was incurred 2008
 Last 4 digits of account number 8170
 Contingent
 Unliquidated
 Disputed
 Basis for the claim: __
 Is the claim subject to offset? No Yes

3.5 Nonpriority creditor's name and mailing address **DEPARTMENT OF LABOR** As of the petition filing date, the claim is: *Check all that apply.* \$2,317.35
 PO BOX 1020
 SAN JUAN, PR 00919-1020
 Date(s) debt was incurred 2014-2015
 Last 4 digits of account number 8003
 Contingent
 Unliquidated
 Disputed
 Basis for the claim: __
 Is the claim subject to offset? No Yes

3.6 Nonpriority creditor's name and mailing address **PATENTE MUNICIPAL DE JAYUYA** As of the petition filing date, the claim is: *Check all that apply.* \$9,253.54
 Date(s) debt was incurred 2015
 Last 4 digits of account number NOWN
 Contingent
 Unliquidated
 Disputed
 Basis for the claim: __
 Is the claim subject to offset? No Yes

3.7 Nonpriority creditor's name and mailing address **SYSTRONICS, INC.** As of the petition filing date, the claim is: *Check all that apply.* \$385.20
 PO Box 19430
 San Juan, PR 00910-1430
 Date(s) debt was incurred 09/25/2014
 Last 4 digits of account number 3783
 Contingent
 Unliquidated
 Disputed
 Basis for the claim: __
 Is the claim subject to offset? No Yes

Part 3: List Others to Be Notified About Unsecured Claims

Debtor LUVIS AMBULANCE SERVICES INC Case number (if known) 3:16-bk-6244
Name

4. List in alphabetical order any others who must be notified for claims listed in Parts 1 and 2. Examples of entities that may be listed are collection agencies, assignees of claims listed above, and attorneys for unsecured creditors.

If no others need to be notified for the debts listed in Parts 1 and 2, do not fill out or submit this page. If additional pages are needed, copy the next page.

| Name and mailing address | On which line in Part1 or Part 2 is the related creditor (if any) listed? | Last 4 digits of account number, if any |
|--------------------------|---|---|
|--------------------------|---|---|

Part 4: Total Amounts of the Priority and Nonpriority Unsecured Claims

5. Add the amounts of priority and nonpriority unsecured claims.

| | | Total of claim amounts |
|-----|----|------------------------|
| 5a. | \$ | 25,682.07 |
| 5b. | + | 24,297.82 |
| 5c. | \$ | 49,979.89 |

5c. Total of Parts 1 and 2
 Lines 5a + 5b = 5c.

LUVIS AMBULANCE SERVICES, INC.

**FINANCIAL STATEMENTS
JUNE 30, 2016**

LUVIS AMBULANCE SERVICES, INC.

BALANCE SHEET JUNE 30, 2016

ASSETS

CURRENT ASSETS:

Cash \$ 4

PROPERTY AND EQUIPMENT:

Land and building 653,946
Improvements 11,800
Vehicles 50,500

716,246

Less: Accumulated Depreciation (96,612)

619,634

\$ 619,638

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES:

Accounts payable \$ 54,951
Accrued expenses 14,489

69,440

LOAN PAYABLE

308,688

378,128

STOCKHOLDER'S EQUITY:

Common Stock, \$1 par value, 1,000 authorized and unissued 1,000
Additional paid-in capital 146,363
Retained earnings 94,147

241,510

\$ 619,638

See accompanying notes and independent accountant's compilation report.

LUVIS AMBULANCE SERVICES, INC.

STATEMENT OF OPERATIONS AND RETAINED EARNINGS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

EXPENSES:

| | |
|----------------------|--------------|
| Depreciation expense | 14,624 |
| Interest expense | 7,073 |
| Other expenses | <u>6,788</u> |

LOSS BEFORE IMPAIRMENT LOSS IN ASSETS 28,485

IMPAIRMENT LOSS IN ASSETS (32,382)

NET LOSS (60,867)

RETAINED EARNINGS, beginning of period 155,014

RETAINED EARNINGS, end of period \$ 94,147

See accompanying notes and independent accountant's compilation report.

LUVIS AMBULANCE SERVICES, INC.

STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|---|-------------|
| Net loss | \$ (60,867) |
| Adjustments to reconcile net loss to net cash provided by operating activities- | |
| Depreciation | 14,624 |
| Loss on assets | 32,382 |
| Increase in operating liabilities: | |
| Accounts payable | 9,772 |
| Accrued expenses | 6,335 |
| | <hr/> |
| Net cash provided by operating activities | 2,246 |

CASH FLOWS USED IN FINANCING ACTIVITIES:

| | |
|------------------------------------|---------|
| Principal payments to loan payable | (2,242) |
| | <hr/> |

NET INCREASE IN CASH

4

CASH, beginning of year

-

CASH, end of year

\$ 4

SUPPLEMENTAL INFORMATION OF CASH FLOWS:

OTHER CASH FLOWS INFORMATION-

Interest paid during the six-month period ended June 30, 2016 amounted to approximately \$3,250. No income tax payment was made.

See accompanying notes and independent accountant's compilation report.

LUVIS AMBULANCE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

(See Independent Accountant's Compilation Report)

1) **Organization and summary of significant accounting policies:**

Organization- Luvis Ambulance Services, Inc. (The Company) is organized under the laws of the Commonwealth of Puerto Rico and is engaged in providing transportation services to hospital's patient using ambulances.

Use of estimates- In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Revenue recognition- Revenues are recognized when the transportation services are provided and billed to hospitals and health insurance companies.

Property and equipment- are recorded at cost and are depreciated using the straight-line method over the estimated useful lives. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in current operations.

The Company evaluates its property and equipment and other long-lived assets for impairment in accordance with related accounting standards. For assets to be disposed of, the Company recognized the assets to be sold at the lower of carrying value or fair value less costs of disposal. Fair value for assets to be disposed of its estimated based on comparable assets sales, solicited offers or a discounted cash flow model.

During the six-month period ended June 30, 2016, the Company recognized an impairment loss of \$32,382 primary related to various unused and damaged ambulances that are broken and deteriorated with mechanical problems.

Income taxes- Are accounted for using the asset and liability approach for financial accounting and reporting for income taxes. Under the assets and liabilities approach, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory rates applicable to future years to difference between the financial statements carrying amounts and the tax bases of existing assets and liabilities and operating losses. The effect on deferred taxes resulting from a change in tax rates is recognized in income in the period that includes the enactment date. Management may provide valuation allowances against the deferred tax asset for amounts which are not considered "more likely than not" to be realized.

LUVIS AMBULANCE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

(See Independent Accountant's Compilation Report)

Concentration of credit risk- Financial instruments that potentially expose the Companies to concentration of credit risk mainly include cash and accounts receivable. The Companies maintain its deposit accounts at a highly credited financial institution and are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Companies have not experienced any losses on such accounts.

2) Loan Payable:

On August 6, 2008, the Company entered in a mortgage credit agreement with Banco Popular de Puerto Rico amounted to \$463,600. The Company agreed with the bank to pay just interest during the first three (3) months and then 257 installments of principal amount of \$1,956 plus interest at of 1% over the prime rate. This obligation is guaranteed by a real estate property. As of June 30, 2016, the loan payable principal balance amounted to \$308,688.

3) Net operating losses:

At June 30, 2016, The Company had approximately \$42,700 of net operating loss carryforward available to offset future taxable income. These net operating loss carryforwards have a limited carryforward period up to 2025. In accordance with the Company's accounting policy, valuation allowance of \$42,700 have been established to reflect the expected realization of these net operating loss carryforward as of June 30, 2016.

4) Subsequent events:

Management has evaluated subsequent events through August 3, 2016, the date which the financial statements were available to be issued.

EXHIBIT F

Five Year Cash Flow Projections
Case Numb. #16-06244
Debtor: Luvis Ambulance

| 2017 | January | February | March | April | May | June | July | August | September | October | November | December |
|-------------------------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|-----------|-----------|
| Income | | | | | | | | | | | | |
| Rental Income | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 |
| Total Avai. Inc. | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 |
| Expenses | | | | | | | | | | | | |
| CRIM | | | | \$ 369 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Hacienda | | | | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 |
| Class 1 | | | | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 |
| Class 2 | | | | \$ 136 | \$ 237 | \$ 237 | \$ 237 | \$ 237 | \$ 237 | \$ 237 | \$ 237 | \$ 237 |
| Class 3 | | | | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 |
| Class 4 | | | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Administrative Payment | | | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 10,000 | \$ - | \$ - |
| Total of Pmts | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,374 | \$ 2,106 | \$ 2,106 | \$ 2,106 | \$ 12,106 | \$ 2,106 | \$ 2,106 |
| Month Ending Cash | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 1,126 | \$ 1,394 | \$ 1,394 | \$ 1,394 | \$ (8,606) | \$ 1,394 | \$ 1,394 |
| Cummulative Cash | \$ 2,505 | \$ 6,005 | \$ 9,505 | \$ 13,005 | \$ 16,505 | \$ 17,631 | \$ 19,025 | \$ 20,420 | \$ 21,814 | \$ 13,209 | \$ 14,603 | \$ 15,998 |

| | <u>January</u> | <u>February</u> | <u>March</u> | <u>April</u> | <u>May</u> | <u>June</u> | <u>July</u> | <u>August</u> | <u>September</u> | <u>October</u> | <u>November</u> | <u>December</u> |
|-------------------------|----------------|-----------------|--------------|--------------|------------|-------------|-------------|---------------|------------------|----------------|-----------------|-----------------|
| 2018 | | | | | | | | | | | | |
| Income | | | | | | | | | | | | |
| Rental Income | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 |
| Total Avai. Inc. | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 |
| Expenses | | | | | | | | | | | | |
| CRIM | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Hacienda | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 |
| Class 1 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 |
| Class 2 | \$ 136 | \$ 136 | \$ 136 | \$ 136 | \$ 136 | \$ 136 | \$ 237 | \$ 237 | \$ 237 | \$ 237 | \$ 237 | \$ 237 |
| Class 3 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 |
| Class 4 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Month Ending Cash | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 |
| Cummulative Cash | \$ 19,498 | \$ 22,998 | \$ 26,498 | \$ 29,998 | \$ 33,498 | \$ 36,998 | \$ 40,498 | \$ 43,998 | \$ 47,498 | \$ 50,998 | \$ 54,498 | \$ 57,998 |

| | <u>January</u> | <u>February</u> | <u>March</u> | <u>April</u> | <u>May</u> | <u>June</u> | <u>July</u> | <u>August</u> | <u>September</u> | <u>October</u> | <u>November</u> | <u>December</u> |
|-------------------------|----------------|-----------------|--------------|--------------|------------|-------------|-------------|---------------|------------------|----------------|-----------------|-----------------|
| 2019 | | | | | | | | | | | | |
| Income | | | | | | | | | | | | |
| Rental Income | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 |
| Total Avai. Inc. | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 |
| Expenses | | | | | | | | | | | | |
| CRIM | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Hacienda | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 |
| Class 1 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 |
| Class 2 | \$ 136 | \$ 136 | \$ 136 | \$ 136 | \$ 136 | \$ 136 | \$ 237 | \$ 237 | \$ 237 | \$ 237 | \$ 237 | \$ 237 |
| Class 3 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 |
| Class 4 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total of Pmts | 2,005 | 2,005 | 2,005 | 2,005 | 2,005 | 2,005 | 2,106 | 2,106 | 2,106 | 2,106 | 2,106 | 2,106 |
| Month Ending Cash | \$ 1,495 | \$ 1,495 | \$ 1,495 | \$ 1,495 | \$ 1,495 | \$ 1,394 | \$ 1,394 | \$ 1,394 | \$ 1,394 | \$ 1,394 | \$ 1,394 | \$ 1,394 |
| Cummulative Cash | \$ 59,492 | \$ 60,987 | \$ 62,482 | \$ 63,976 | \$ 65,471 | \$ 66,966 | \$ 68,360 | \$ 69,755 | \$ 71,149 | \$ 72,544 | \$ 73,938 | \$ 75,333 |

| | <u>January</u> | <u>February</u> | <u>March</u> | <u>April</u> | <u>May</u> | <u>June</u> | <u>July</u> | <u>August</u> | <u>September</u> | <u>October</u> | <u>November</u> | <u>December</u> |
|-------------------------|----------------|-----------------|--------------|--------------|--------------|--------------|--------------|---------------|------------------|----------------|-----------------|-----------------|
| 2020 | | | | | | | | | | | | |
| Income | | | | | | | | | | | | |
| Rental Income | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 |
| Total Avai. Inc. | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 |
| Expenses | | | | | | | | | | | | |
| CRIM | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Hacienda | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 |
| Class 1 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 |
| Class 2 | \$ 136 | \$ 136 | \$ 136 | \$ 136 | \$ 136 | \$ 136 | \$ 237 | \$ 237 | \$ 237 | \$ 237 | \$ 237 | \$ 237 |
| Class 3 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 |
| Class 4 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total of Pmts | 2,005 | 2,005 | 2,005 | 2,005 | 2,005 | 2,005 | 2,106 | 2,106 | 2,106 | 2,106 | 2,106 | 2,106 |
| Month Ending Cash | \$ 1,495 | \$ 1,495 | \$ 1,495 | \$ 1,495 | \$ 1,495 | \$ 1,495 | \$ 1,394 | \$ 1,394 | \$ 1,394 | \$ 1,394 | \$ 1,394 | \$ 1,394 |
| Cummulative Cash | \$ 76,827 | \$ 78,322 | \$ 79,817 | \$ 81,311 | \$ 82,806 | \$ 84,301 | \$ 85,695 | \$ 87,090 | \$ 88,484 | \$ 89,879 | \$ 91,273 | \$ 92,667 |

| | <u>January</u> | <u>February</u> | <u>March</u> | <u>April</u> | <u>May</u> | <u>June</u> | <u>July</u> | <u>August</u> | <u>September</u> | <u>October</u> | <u>November</u> | <u>December</u> |
|-------------------------|----------------|-----------------|--------------|--------------|------------|-------------|-------------|---------------|------------------|----------------|-----------------|-----------------|
| 2021 | | | | | | | | | | | | |
| <u>Income</u> | | | | | | | | | | | | |
| Rental Income | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 |
| Total Avai. Inc. | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 |
| <u>Expenses</u> | | | | | | | | | | | | |
| CRIM | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Hacienda | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ 80 |
| Class 1 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 |
| Class 2 | \$ 136 | \$ 136 | \$ 136 | \$ 136 | \$ 136 | \$ 136 | \$ 237 | \$ 237 | \$ 237 | \$ 237 | \$ 237 | \$ 237 |
| Class 3 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 |
| Class 4 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total of Pmts | 2,005 | 2,005 | 2,005 | 2,005 | 2,005 | 2,005 | 2,106 | 2,106 | 2,106 | 2,106 | 2,106 | 2,106 |
| Month Ending Cash | \$ 1,495 | \$ 1,495 | \$ 1,495 | \$ 1,495 | \$ 1,495 | \$ 1,495 | \$ 1,394 | \$ 1,394 | \$ 1,394 | \$ 1,394 | \$ 1,394 | \$ 1,394 |
| Cummulative Cash | \$ 94,162 | \$ 95,657 | \$ 97,151 | \$ 98,646 | \$ 100,141 | \$ 101,636 | \$ 103,030 | \$ 104,424 | \$ 105,819 | \$ 107,213 | \$ 108,608 | \$ 110,002 |

| | <u>January</u> | <u>February</u> | <u>March</u> | <u>April</u> | <u>May</u> | <u>June</u> | <u>July</u> | <u>August</u> | <u>September</u> | <u>October</u> | <u>November</u> | <u>December</u> |
|-------------------------|----------------|-----------------|--------------|--------------|------------|-------------|-------------|---------------|------------------|----------------|-----------------|-----------------|
| 2022 | | | | | | | | | | | | |
| <u>Income</u> | | | | | | | | | | | | |
| Rental Income | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 |
| Total Avai. Inc. | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 | \$ 3,500 |
| <u>Expenses</u> | | | | | | | | | | | | |
| CRIM | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Hacienda | \$ 80 | \$ 80 | \$ 80 | \$ 80 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Class 1 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 | \$ 1,724 |
| Class 2 | \$ 136 | \$ 136 | \$ 136 | \$ 136 | \$ 136 | \$ 136 | \$ 237 | \$ 237 | \$ 237 | \$ 237 | \$ 237 | \$ 237 |
| Class 3 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 | \$ 65 |
| Class 4 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 | \$ 300 |
| Total of Pmts | 2,005 | 2,005 | 2,005 | 2,005 | 1,926 | 2,226 | 2,326 | 2,326 | 2,326 | 2,326 | 2,326 | 2,326 |
| Month Ending Cash | \$ 1,495 | \$ 1,495 | \$ 1,495 | \$ 1,495 | \$ 1,574 | \$ 1,274 | \$ 1,174 | \$ 1,174 | \$ 1,174 | \$ 1,174 | \$ 1,174 | \$ 1,174 |
| Cummulative Cash | \$ 111,497 | \$ 112,992 | \$ 114,486 | \$ 115,981 | \$ 117,555 | \$ 118,830 | \$ 120,004 | \$ 121,178 | \$ 122,352 | \$ 123,526 | \$ 124,700 | \$ 125,874 |

Chart of Claims - Luvis

| <u>A. Secured Claims</u> | | | | | | | | | | | | |
|--------------------------|-------|----------------------|------------------|---------------|------------------|--------------------------|------------------|----------------|--|--|--|--|
| Creditor | POC # | Total Claim | Collateral | Value | Priority of Lien | Expected Allow Sec Claim | Unsecured | Notes/Comments | | | | |
| IRS | 1 | \$ 7,536.51 | Commercial Prop. | \$ 500,000.00 | THIRD | \$ 7,536.51 | | | | | | |
| BPPR | 2 | \$ 396,239.65 | Commercial Prop. | \$ 500,000.00 | Second | \$ 396,239.65 | | | | | | |
| CRIM | 5 | \$ 3,774.49 | Commercial Prop. | \$ 500,000.00 | First | \$ 3,593.44 | \$ 181.05 | | | | | |
| Totals | | \$ 396,239.65 | | | | \$ - | \$ 181.05 | | | | | |

B. Unsecured Priority Claims

| Creditor | Claim # | Total Claim | Value of Collateral | Secured | Exp. Allow Prior. Claim | Unsecured |
|----------------|---------|--------------------|---------------------|---------|-------------------------|------------------|
| CRIM | 4 | \$ 514.08 | | | \$ 368.86 | \$ 145.22 |
| Dept. Hacienda | 6 | \$ 7,434.11 | | | \$ 4,400.08 | \$ 3,034.03 |
| Totals | | \$ 7,948.19 | \$ - | | \$ 4,768.94 | \$ 145.22 |

C. General Unsecured Claims

| Creditor | Claim # | Total Claim | Value of Collateral | Secured | Priority | Unsecured |
|-------------------|----------|---------------------|---------------------|---------|----------|---------------------|
| BPPR | 3 | \$ 12,691.46 | | | | \$ 12,691.46 |
| CLARO | schedule | \$ 302.44 | | | | \$ 302.44 |
| Systronics | schedule | \$ 385.20 | | | | \$ 385.20 |
| Dept. of Labor | schedule | \$ 2,317.35 | | | | \$ 2,317.35 |
| Municipio de Jayu | schedule | \$ 9,253.54 | | | | \$ 9,253.54 |
| Totals | | \$ 21,327.29 | | | | \$ 25,276.26 |